

## Message Text

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65-60

ORIGIN EB-07

INFO OCT-01 EUR-12 EA-06 IO-10 ISO-00 AGR-05 COME-00 LAB-04

SP-02 AID-05 NSC-05 CIEP-01 TRSE-00 SS-15 STR-01

OMB-01 CEA-01 H-02 CIAE-00 DODE-00 INR-07 NSAE-00

PA-01 USIA-06 PRS-01 L-02 TAR-01 SIL-01 /097 R

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EA/PRCM:RHOLMES

AGRICULTURE:RHARPER

COMMERCE:AGARCIA

LABOR:BWHITE

STR:BSTEINBOCK

TREASURY:JRAY

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P R 132151Z MAR 75

FM SECSTATE WASHDC

TO AMCONSUL HONG KONG PRIORITY

INFO AMEMBASSY LONDON

USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ETRD, HK

SUBJECT:HONG KONG AND GSP

REF: HONG KONG 2472

1. INTERESTED AGENCIES HAVE NOW AGREED THAT IMMEDIATELY  
AFTER EXECUTIVE ORDER ON GSP IS SIGNED BY PRESIDENT,  
DEPARTMENT WILL CALL IN UK EMBASSY OFFICER IN CHARGE OF  
HONG KONG AFFAIRS AND MAKE TO HIM FOLLOWING VERBAL  
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STATEMENT:

"THE STATUS OF HONG KONG AS A BENEFICIARY DEVELOPING COUNTRY IS CURRENTLY UNDER PRIORITY CONSIDERATION BY THE ADMINISTRATION. IN THE ABSENCE OF ADVERSE CONGRESSIONAL REACTION AND ON THE UNDERSTANDING THAT PREFERENTIAL TRADE PROBLEMS WILL BE RESOLVED, WE ANTICIPATE THAT HONG KONG WILL BE DESIGNATED A BENEFICIARY DEVELOPING COUNTRY. WE ANTICIPATE THAT THE DECISION WILL BE FINALIZED BEFORE THE GSP GOES INTO EFFECT."

2. YOU ARE AUTHORIZED TO MAKE SAME VERBAL STATEMENT TO HKG UPON NOTIFICATION THAT PRESIDENT HAS SIGNED EXECUTIVE ORDER.

3. CONGEN SHOULD PROPOSE TO HKG, AS WE WILL DO TO UK EMBASSY, THAT RESPONSES TO INQUIRIES RE HONG KONG RETENTION ON LIST B SHOULD BE LOW KEY AND GENERAL. WE DO NOT WANT PARA 1 STATEMENT RELEASED TO PUBLIC. SINCE OUR PRIMARY PREOCCUPATION NOW IS NOT TO AROUSE CONGRESSIONAL SENSITIVITIES BY FOCUSING ATTENTION ON HONG KONG, WE WISH TO AVOID UK OR HKG RESPONSES WHICH CREATE IMPRESSION THAT WE HAVE MADE FINAL DECISION BEFORE APPROPRIATE CONSULTATIONS WITH CONGRESS. IT WOULD BE OUR INTENTION (IN CONTEXT OF PARA 1 DECISION) TO MOVE HONG KONG TO LIST OF BENEFICIARIES AT TIME WHEN WE MOVE ONE OR MORE OTHER COUNTRIES NOT NOW APPEARING ON ELIGIBLE LIST.

4. RE PRESS GUIDANCE, WE SUGGEST FOLLOWING CHANGES IN ANSWERS PROPOSED BY CONGEN IN REFTEL:

A. QA-1: CHANGE TO READ, "THESE REPORTS REFER TO AN EXECUTIVE ORDER REQUIRED UNDER THE TRADE ACT OF 1974. THE E.O. HAS TWO LISTS: THE A LIST INCLUDES THOSE COUNTRIES WHICH ARE NOW CONSIDERED ELIGIBLE; THE B LIST GIVES THOSE COUNTRIES WHICH ARE POTENTIALLY ELIGIBLE AND WHICH REMAIN UNDER CONSIDERATION. HONG KONG IS ON THE B LIST AND WILL, THEREFORE, REMAIN UNDER CONSIDERATION FOR GSP ELIGIBILITY. TOO MUCH IMPORTANCE, THEREFORE, SHOULD NOT BE ATTACHED TO HONG KONG'S PRESENT PLACEMENT LIMITED OFFICIAL USE

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ON THE B LIST, PARTICULARLY SINCE THE U.S. GSP SYSTEM WILL NOT BE PUT INTO EFFECT FOR ANY COUNTRY FOR SOME MONTHS."

B. QA-2: DELETE FIRST SENTENCE. DELETE "HOWEVER" IN SECOND SENTENCE.

C. QA-3: CHANGE TO READ, "NEITHER PENALTY NOR REWARD

IS INTENDED BY THE ADMINISTRATION IN ITS CONSIDERATION OF HONG KONG'S ELIGIBILITY FOR GSP. GSP IS DESIGNED TO HELP DEVELOPING COUNTRIES, WITH PARTICULAR PROVISIONS DESIGNED TO HELP POORER DEVELOPING COUNTRIES. IT EMBODIES THE COMPETITIVE NEED FORMULA WHICH, IN ANY EVENT, WOULD BAR FROM PREFERENTIAL TREATMENT A SUBSTANTIAL AMOUNT OF

EXPORTS TO THE U.S. FROM COUNTRIES WHICH HAVE A NUMBER OF COMPETITIVE INDUSTRIES."

D. QA-4, 5 AND 6: NO CHANGES.

E. QA-7: END AFTER, "THIS IS A PRESIDENTIAL DECISION."

F: QA-8: CHANGE SECOND PHRASE TO READ, "IT IS

RECEIVING CAREFUL ATTENTION."

G. QA-9: CHANGE TO READ, "WE WOULD ASSUME THAT THE PRIMARY TASK OF THE U.S. EXECUTIVE AGENCIES PREPARING RECOMMENDATIONS TO THE PRESIDENT ON GSP IS TO DETERMINE IN ACCORDANCE WITH THE U.S. TRADE ACT WHETHER HONG KONG AND OTHER COUNTRIES ON LIST B FIT THE DESCRIPTION OF THOSE COUNTRIES THE SCHEME IS DESIGNED TO HELP.

5. ON BASIS OF AGREEMENT NOW REACHED (PARA 1), WE HOPE THAT HKG AND UKG WILL DO WHATEVER THEY CAN TO DAMPEN PRESS AND PUBLIC CLAMOR. WE ASSUME THAT SUCH CLAMOR WILL DIMINISH QUICKLY IN FACE OF RELAXED ATTITUDES BY BOTH GOVERNMENTS. WE INTEND TO STAY IN TOUCH WITH UK EMBASSY CONCERNING PROGRESS OF CONGRESSIONAL CONSULTATIONS AND ELIMINATION OF REMAINING HONG KONG COMMONWEALTH PREFERENCES. INGERSOLL  
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## Message Attributes

**Automatic Decaptioning:** X  
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